

Good Morning, Mr. Chairman & Members of the Committee:

My name is Tom Clarke, and I am an Independent Insurance Agent from Miles City.

Prior to the Hardy v. Progressive case authored by the Montana Supreme Court in 2003, insurers that Independent Insurance agents represent freely wrote high limits of coverage for Montana consumers as they purchased Uninsured Motorist (UM) & Underinsured Motorist (UIM) coverage. Consistently insurers would allow UM & UIM limits to the same level of limits the policyholder had purchased for Bodily Injury liability coverage, often \$ 1,000,000 per occurrence. Those insurers did this, secure in the feeling that the high limits they sold would be applied just to the car involved in the accident, as outlined in Title 33-23-103, MCA, first enacted in 1981, and which said policy limits for these coverages could not be "stacked".

The Hardy decision overturned the application of 33-23-203, and allows the policy limit to be multiplied times the number of cars insured by the policyholder, or "stacked", and this loss of security to insurers has, for nearly 4 years now, brought significant chaos in the auto insurance marketplace, with each insurer adopting underwriting changes for UM & UIM coverages, intended to protect their financial statements.

As Independent Insurance agents, who represent a number of insurance companies, we have seen some companies declare that they will only write a \$50,000 per accident limit for UM & UIM coverages. Another has capped the limit they will write to \$300,000 per accident, and they have then priced the coverage for a 2nd car at a significant surcharge over the 1st car charge, and even more surcharges for a policyholder with 3 or more cars. We have seen even more creative methods to limit the coverage to a single vehicle, including some insurers that have begun to charge for UM & UIM coverages on a "per policy" basis, rather than a "per automobile" basis, essentially hoping that stacking will not then apply.

The end result is that the insurance consumer in Montana has lost choice, because of the Hardy decision, and HB 587 is intended to re-declare Montana's public policy that it is in the best interest of Montana consumers to apply auto insurance policy limits solely to the single vehicle involved in the accident.

The Independent Insurance Agents of Montana ask your support for HB 587,
and I thank you for the opportunity to present this testimony to you today.

Tom Clarke, CPCU, CIC

Miles City, Montana